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SUBJECT: ISRAEL CONFIDENT OF 2010 OECD ACCESSION BUT TAKING  
NO CHANCES

¶1. (SBU) In separate meetings with Foreign Affairs, Finance and Environment officials, GOI interlocutors expressed confidence that Israel is well on track for accession to the Organization for Economic Cooperation and Development (OECD) by April 2010. MFA Deputy Director General for Economic Affairs Irit Ben Abba told EconCouns on July 2 that she was very pleased by the Israeli delegation's meetings on the margins of the OECD Ministerial. While the GOI remains concerned that political 'like-mindedness' criteria could be raised in Council discussion of Israel's accession, Ben Abba said her government has exercised due diligence, particularly with Norway, to ensure that any questions OECD member states might have about such issues are answered.

¶2. (SBU) Ben Abba noted Israel's progress on meeting OECD environmental policy requirements, progress that was confirmed in a July 7 meeting with Ministry of Environment Director General Yossi Inbar. Inbar said that Israel's obligations with respect to OECD policy instruments had advanced rapidly. Israel was now signatory to the Basel Convention on Solid Waste, had passed OECD-compliant Clean Air legislation, and had received a good report from the Chemicals Committee. He said the Ministry hopes to have the full compliance timetable completed by end-July. Inbar said his greatest challenge was getting the resources needed to meet all of the environmental obligations Israel has taken on under the accession process. He said staffing was his biggest constraint; GOI employment rules required competitive tendering for every position, even for technical specialties for which Israel might have only a handful of qualified individuals. Inbar said the OECD accession process had given the Ministry greater leverage in the battle for financial resources, but pointed to proliferation of unfunded mandates (he cited the Clean Air bill) as an ongoing problem. Despite these problems, Inbar said environmental issues would not bar Israel from OECD accession by April 2010.

¶3. (SBU) Irit Ben Abba agreed that the environmental 'acquis' were no longer a significant impediment to Israel's OECD accession, but worried that the Education, Labor and Social Affairs (ELSA) committee might give Israel low marks for its handling of persistent unemployment among minority groups. She pointed to high unemployment rates among Arab-Israeli women and ultra-orthodox Jewish men as a serious problem that had not responded to any of the policy remedies tried thus far by the GOI. Finance Ministry Senior Deputy DG Oded Bruk agreed that culturally based structural unemployment was a significant issue for Israel, adding that Social Affairs Minister Herzog and Labor Minister Ben Eliezer would be meeting with OECD officials in October for an in-depth discussion of labor and social affairs policies, including the unemployment issue. Neither Bruk nor Ben Abba thought minority unemployment would be an obstacle to Israel's OECD accession, but both said they felt the GOI needed to show that it was dealing with the problem and that ELSA's best practices discussions on minority unemployment were aiding

GOI efforts.

¶4. (SBU) Econcouns forewarned both Ben Abba and Bruk that the U.S. would be raising intellectual property protection, discriminatory taxation of imported alcoholic spirits, and incoherence of Israel's food/pharmaceutical import safety regime in the Trade Committee's review of Israel's accession. Both agreed that it would be appropriate and helpful to have the Trade Committee encourage reform in all three areas and noted that the EU would probably support the U.S. in this effort.

¶5. (SBU) Bruk and Ben Abba said they were pleased Israel had joined the OECD Anti-Bribery Convention in March. Ben Abba said Israel was now fully engaged in phase II of the anti-bribery acquis process, which she characterized as "very intrusive." However, citing a recent poll showing that more than 60 percent of Israelis perceived corruption as a serious issue, she said there is strong political support for moving forward rapidly on phase II implementation. Finally, Ben Abba confirmed that Israel would be ready to sign the Privileges and Immunities agreement by the end of this year and is working on staffing an OECD mission to operate out of Israeli Embassy facilities in Paris.

¶6. (SBU) Comment: Israel has clearly made substantial progress in addressing the requirements of the OECD instruments and related agreements, though there is still a lot of work to be done between now and April 2010. MFA has devoted significant attention to Norway and other countries that might raise political concerns with Israel's OECD accession, and seems to have gotten assurances from the Norwegians that they would not block consensus.

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